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SUBJECT: TRINIDAD ECONOMIC HIGHLIGHTS - AUGUST 1-15

The following were notable economic issues in T&T during the first half of August:

- [1](#)1. Japanese Minister announces plans to invest in T&T
- [1](#)2. Roof tile manufacturer opens for production
- [1](#)3. Central Bank raises 'Repo' rate to 7.50
- [1](#)4. T&T building costs on the rise
- [1](#)5. MoU signed on sea laws for fisheries company

[1](#)1. Japanese Minister announces plans to invest in T&T

In a press conference on August 10, Japan's Social Affairs Minister Kuniko Inoguchi made a commitment to invest some of her country's resources in Trinidad and Tobago. As the first Japanese minister to visit T&T, Inoguchi characterized the occasion as "a sign of friendship and commitment" after meeting with Prime Minister Patrick Manning and Foreign Affairs Minister Knowlson Gift. In her discussion with Gift, according to media reports, Inoguchi touched on possible ways in which the two countries could strengthen ties -- not only in the energy sector, but with community development, as well. She noted Japan's interest in lending support to non-governmental organizations (NGOs) as well as the fisheries and agricultural industry. Inoguchi also mentioned T&T's active role in the Japan Exchange and Teaching (JET) program that sends English teachers from across the world to Japan, which she said helps her country better compete in the global market.

[1](#)2. Roof tile manufacturer opens for production

The largest roof tile manufacturer in the Caribbean officially opened in Chaguanas on August 8th, launching a USD 16.7 million venture between the local Ansa McAL Group of Companies and Boral USA. Caribbean Roof Tile Company Ltd is expected to be a landmark non-energy sector producer for T&T. The company is scheduled to export 90 percent of its output to the USA and utilize the remaining ten percent in T&T and the Caribbean. The business relationship began in October 2004, when the Ansa McAL Group and Boral USA signed the 50/50 joint venture agreement to build a clay roof tile company in Trinidad; construction followed in March 2005. Presently, the company is capable of producing around 15 million clay tiles and employing up to 90 people. Trade and Industry Minister Kenneth Valley spoke at the opening and described the company's operations as being consistent with T&T's aim to be internationally recognized as the business, trade, and investment hub of the region.

[1](#)3. Central Bank raises 'Repo' rate to 7.50

The latest data released by the Central Statistical Office indicates that the domestic economy continues to experience inflationary pressures. On a year-on-year basis to June, headline inflation increased by 8.65 percent from 7.97 percent in the previous month.

Food prices, which continue to drive headline inflation, rose by 3.7 percent in June and on a year-on-year basis by 25.7 percent. Contributing to the sharp rise in food prices were increases in the prices of vegetables (67.9 percent), fruit (33.5 percent), fish (31.9 percent) and meat (10.2 percent). Core inflation, which excludes food, remained relatively unchanged at 3.35 percent. Over the last twelve months, contributors to core inflation have been due to increases in the cost of services in education (12 percent), health (9.9 percent), recreation and culture (9.5 percent) and hotels and restaurants (6.8 percent). Continued rapid economic growth, an increase in domestic demand and a tightening of productive capacity contribute to these inflationary pressures. Against this background, the Bank has decided to raise its overnight 'Repo' rate by 25 basis points to 7.50 percent effective July 28, 2006. The next 'Repo' rate announcement is scheduled for August 25, 2006.

14. T&T building costs on the rise

The Ministry of Works and Transport recently published a report analyzing the rising cost of construction entitled, "The Impact of Industry on the Construction Sector in T&T from June 2004-June 2006." The study suggested that the current booming pace of construction, fueled by the rise in oil and gas prices, is likely to continue for another seven years. In the 20-page report the ministry states, "We should expect an increasing demand for more materials and services associated with the industry." The report went on to advise that, "if nothing is done to reduce the level of inflation being experienced, prices will undoubtedly continue to rise beyond the reach of the ordinary person." In the last two years the cost of clay blocks has undergone an "astronomical" increase at 184.6 percent. Similarly, the cost of ready mix

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concrete went up by 12.2 percent internationally, but locally it went up by 188.5 percent. Commenting on the report, Winston Riley, president of the Joint Consultative Council (JCC), said the GOTT had been opting for fixed price contracts opposed to contracts that contain fluctuation clauses. A self-styled "brief study," the report recommended further independent analysis to "determine and recommend a course of action to stem this rising inflation."

15. MoU signed on sea laws for fisheries company

After five years of discussions, the Ministry of Agriculture, Land and Marine Resources and the National Fisheries Company (1995) Ltd. (NFC) signed an August 9 Memorandum of Understanding (MoU) governing foreign-flagged vessels that use the facilities at NFC to lawfully engage in trans-shipment of fish and fishery products through T&T ports. The MOU states that these vessels must operate in accordance with national and international regulatory requirements relating to the conservation and management of living resources and the protection of the environment. The MOU also allows for the T&T Coast Guard, among other agencies, to be involved in monitoring and enforcement. Further provisions within the MOU regulate: data collection and reporting responsibilities for the NFC, port inspection and identification of Illegal Unreported and Unrelated fishing vessels and the regulation of trade in prohibited species. Anne Marie Jobity, Director of the Fisheries Division in the Ministry praised the MOU to econoff stating that it would assist T&T in conforming to international fishing and marine treaties, as the country is responsible for foreign-flagged vessels' actions in local waters.

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